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NEWAY GROUP HOLDINGS LIMITED

中星集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00055)

**CONTINUING CONNECTED TRANSACTION –
TENANCY AGREEMENT**

TENANCY AGREEMENT

On 1 August 2023, the Landlord, being a wholly-owned subsidiary of the Company, and the Tenant entered into the Tenancy Agreement, pursuant to which the Landlord agreed to lease the Property to the Tenant for a term of three years from 1 August 2023 to 31 July 2026 (both days inclusive). The monthly rent receivable by the Landlord is HK\$262,400 exclusive of Government rent, rates, management fee, air-conditioning charges (if any) and all other outgoings.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Tenant is ultimately wholly-owned by Dr. Suek Chai Kit Christopher, who is the father of Mr. Ernie Suek and the brother of Mr. CH Suek, both being executive Directors. Dr. Suek Chai Kit Christopher is also the brother-in-law of Dr. Ng, a non-executive Director. By virtue of the above, the Tenant is a connected person of the Company and the entering into of the Tenancy Agreement between the Landlord and the Tenant constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

* *For identification purpose only*

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the highest Annual Cap for the transaction contemplated under the Tenancy Agreement are less than 5%, the transaction contemplated under the Tenancy Agreement is only subject to the announcement, reporting and annual review requirements but is exempt from the circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

TENANCY AGREEMENT

On 1 August 2023, the Landlord, being a wholly-owned subsidiary of the Company, and the Tenant entered into the Tenancy Agreement. The principal terms of the Tenancy Agreement are summarised as follows:

- Date : 1 August 2023
- Parties : (1) The Landlord, the principal business of which is investment holding and property investment; and
(2) The Tenant, the principal business of which is operation of karaoke outlets.
- Property : The whole of 3/F, Hop Yick Commercial Centre (Phase 1), 33 Hop Choi Street, Yuen Long, New Territories, Hong Kong.
- Use : Operation of a karaoke outlet or related business ancillary to karaoke operations conducted by the Tenant and its affiliated companies.
- Term : Three years commencing from 1 August 2023 to 31 July 2026 (both days inclusive).
- Rent : A monthly rent of HK\$262,400 (exclusive of Government rent, rates, management fee, air-conditioning charges (if any) and all other outgoings) payable monthly in advance.
- Rental deposit : HK\$787,200 (equivalent to three months' rent) which was paid by the Tenant upon the signing of the Tenancy Agreement.

The terms of the Tenancy Agreement were negotiated between the Landlord and the Tenant on an arm's length basis. The monthly rent was determined based on the prevailing market conditions and with reference to (i) the amount of market rent for comparable properties situated in the vicinity of the Property around the time when the Tenancy Agreement was signed; and (ii) the monthly rent received by the Landlord from an independent tenant for the leasing of the Property from 1 August 2020 to 31 July 2023, which was also HK\$262,400.

ANNUAL CAPS

The Annual Caps for the transaction contemplated under the Tenancy Agreement are as follows:

For the year ending 31 December	Annual Caps amount (HK\$)
2023	1,312,000
2024	3,148,800
2025	3,148,800
2026	1,836,800

The above Annual Caps represent the expected maximum annual rental income receivable by the Landlord from the Tenant under the Tenancy Agreement which are calculated based on the amount of monthly rent stipulated in the Tenancy Agreement and the number of months in which the lease subsists in the relevant year.

INTERNAL CONTROL MEASURES

The Group will undertake the following internal control measures to monitor the rent and the terms of the transaction contemplated under the Tenancy Agreement and ensure that the same will be no more favourable than rents and terms offered by the Group to independent tenants and that the Annual Caps are not exceeded:

- (i) monitoring the prevailing market rents at similar locations on a quarterly basis;
- (ii) adhering to the relevant internal control policy of the Group on connected transactions in monitoring the rent under the Tenancy Agreement to ensure that it shall be no more favourable than those offered by the Group to independent tenants;

- (iii) the independent non-executive Directors will review and confirm on an annual basis that the rent and the terms under the Tenancy Agreement are fair and reasonable to the Group and in the interests of the Shareholders and the Group as a whole, and are no more favourable than rents and terms offered by the Group to independent tenants; and
- (iv) the auditors of the Company will review the rent and the terms under the Tenancy Agreement and the Annual Caps on an annual basis in compliance with the annual reporting and review requirements under the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT

The Group is principally engaged in (i) money lending; (ii) manufacturing and sales of printing and other products; (iii) artistes management, production and distribution of music albums; (iv) property development; (v) property investment; (vi) securities trading; and (vii) trading of printing and other products.

In view of the stable rental income receivable under the Tenancy Agreement, the Directors (including the independent non-executive Directors) consider that the entering into of the Tenancy Agreement is beneficial to the Group and is incidental to the ordinary and usual course of the Group's property investment business.

The Directors (including the independent non-executive Directors) are also of the view that the terms of the Tenancy Agreement and the Annual Caps are normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Tenant is ultimately wholly-owned by Dr. Suek Chai Kit Christopher, who is a merchant and is the father of Mr. Ernie Suek and the brother of Mr. CH Suek, both being executive Directors. Dr. Suek Chai Kit Christopher is also the brother-in-law of Dr. Ng, a non-executive Director. By virtue of the above, the Tenant is a connected person of the Company and the entering into of the Tenancy Agreement between the Landlord and the Tenant constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

In light of the above, Mr. Ernie Suek and Mr. CH Suek have abstained from voting on the relevant board resolutions of the Company approving the Tenancy Agreement as required under the amended and restated bye-laws of the Company, and Dr. Ng has also abstained from voting on the relevant board resolutions on a voluntary basis for the sake of good corporate governance. Save as aforesaid, none of the other Directors has any material interest in the transaction contemplated under the Tenancy Agreement.

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the highest Annual Cap for the transaction contemplated under the Tenancy Agreement are less than 5%, the transaction contemplated under the Tenancy Agreement is only subject to the announcement, reporting and annual review requirements but is exempt from the circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following terms shall have the following meanings:

“Annual Cap(s)”	the expected maximum annual amount(s) of rental income receivable by the Landlord under the Tenancy Agreement
“Board”	the board of Directors
“Company”	Neway Group Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“connected person”	having the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Dr. Ng”	Dr. Ng Wai Kwan, a non-executive Director
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Landlord”	Supreme Cycle Inc., a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. CH Suet”	Mr. Suet Chai Hong, an executive Director and the Chief Executive Officer of the Company
“Mr. Ernie Suet”	Mr. Suet Ka Lun, Ernie, an executive Director and the Chairman of the Company
“Property”	the whole of 3/F, Hop Yick Commercial Centre (Phase 1), 33 Hop Choi Street, Yuen Long, New Territories, Hong Kong
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 1 August 2023 entered into between the Landlord and the Tenant in respect of the leasing of the Property
“Tenant”	Paco Corporation Limited, a company incorporated in Hong Kong with limited liability

“%”

per cent.

On behalf of the Board
Neway Group Holdings Limited
Suek Ka Lun, Ernie
Chairman

Hong Kong, 1 August 2023

As at the date of this announcement, the Board comprises Mr. Suek Ka Lun, Ernie (Chairman) and Mr. Suek Chai Hong (Chief Executive Officer) being the executive Directors; Dr. Ng Wai Kwan, Mr. Chan Kwing Choi, Warren and Mr. Wong Sun Fat being the non-executive Directors; and Mr. Lee Kwok Wan and Mr. Chu Gun Pui being the independent non-executive Directors.